

## Message Text

SECRET

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43

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00

EB-03 L-01 TRSE-00 OMB-01 SP-02 PM-03 DODE-00 /039 W

----- 067442

R 010731Z OCT 75

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 9659

INFO AMEMBASSY NAIROBI

S E C R E T DAR ES SALAAM 4511

LIMDIS

NOFORN

E.O.11652: XGDS-2

TAGS: EFIN, ECIN, IMF, TZ, KE

1. A SENSITIVE SOURCE WITH GOOD ACCESS TO THE INFORMATION SUPPLIED  
THE  
REPORT THAT FOLLOWS.

2. BEGIN TEXT. THE IMF IS PLACING PRESSURE ON KENYA TO DEVALUE THE  
KENYAN SHILLING IN THE RANGE OF 10-15 PERCENT IN TERMS OF THE US DOLL  
AR.

SINCE KENYA HAS A FREE MARKET ECONOMY AND HAS MADE USE OF THE IMF  
EXTENDED FACILITY, THE ADVICE WILL PROBABLY BE ACCEPTED. IN ITS TURN  
KENYA IS PLACING DIRECT AND INDIRECT PRESSURES ON TANZANIA TO  
MAINTAIN PARITY BY DEVALUING IN STEP. DIRECT PRESSURES INCLUDE JOINT  
DISCUSSIONS OF VERY HIGH LEVEL CENTRAL BANK AND POLITICAL LEADERS.  
INDIRECT PRESSURES INCLUDE THE EFFECT OF KENYAN DEVALUATION ON TRADE  
BETWEEN THE TWO COUNTRIES AND ON SMUGGLING BETWEEN THEM. SOURCE  
WAS NOT AWARE OF IMF PRESSURE ON TANZANIA TO DEVALUE.

3. A DECISION WILL BE MADE JUST BEFORE OR DURING THE QUARTERLY  
EAST AFRICAN CENTRAL BANK GOVERNORS' CONFERENCE TO BE HELD IN  
NAIROBI IN MID-OCTOBER. IF IT IS DECIDED TO DEVALUE, THE ANNOUNCE-  
MENT WILL BE MADE AT THE CONFERENCE OR WITHIN DAYS AFTERWARD.

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4. TANZANIA ALSO PLANS TO STOP QUOTING THE TANZANIAN SHILLING  
IN TERMS OF THE US DOLLAR, IF IT DEVALUES. IT WILL SWITCH TO SDR'S  
("SPECIAL DRAWING RIGHTS OF THE IMF). SOURCE DID NOT KNOW IF  
TANZANIA HAD AS YET APPROACHED KENYA CONCERNING THIS PLAN BUT "IT IS

OBVIOUS BOTH COUNTRIES MUST MAKE THE CHANGE TO KEEP PARITY." UGANDA  
IS EXPECTED TO FOLLOW WHATEVER DECISIONS TANZANIA AND KENYA  
AGREE UPON. END TEXT  
CARTER

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC STABILITY, CENTRAL BANK, DEVALUATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 OCT 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** woolflhd  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975DARES04511  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** X2  
**Errors:** N/A  
**Film Number:** D750340-0504  
**From:** DAR ES SALAAM  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Office:** ACTION AF  
**Original Classification:** SECRET  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** SECRET  
**Previous Handling Restrictions:** LIMDIS  
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